

# CARD ROOM CONNECTION

OFFICIAL NEWSLETTER OF THE WASHINGTON STATE GAMBLING COMMISSION  
FOR CARD ROOM EMPLOYEES

July - December 2005 Edition

## Gambling Promotions on Proprietary Games

By: Mark Harris, Special Agent Supervisor Northwest Region

Gambling promotions authorized in WAC 230-12-045 may be used to add cash or merchandise prizes to non-proprietary card games currently authorized in Washington, such as standard Blackjack and Pai Gow. Promotions may also be used to modify payouts in these card games.

However, card room operators do not have the authority to change the payout structure, add payouts, or modify a proprietary card game in any fashion with a gambling promotion without the permission of the legal owner of the game.

Additionally, we do not have the authority to allow these changes to proprietary games without the changes being authorized by the legal owner of the card game.

Any authorizations to allow additions or modifications to the payout structure must be made by the legal owners of the proprietary card games and all card rooms must be given the opportunity to use them.

The legal owners of the proprietary card games must submit revised versions of their game rules to us for review. The request must be made in writing and include authorization to allow certain additions or modifications to the payout structure. We must approve the additions or modifications before any changes are made by a card room.

If you have any questions, please contact your local agent.

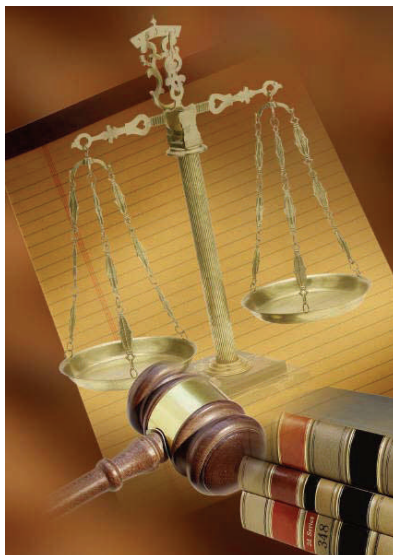
## Reporting Deadlines

By: Special Agent Michele Chewerda, Certified Fraud Examiner,  
Financial Investigations Unit

You must notify us of any criminal, civil, or administrative actions filed by or against you (WAC 230-12-310).

We must receive a complete copy of the original documents filed for:

- (a) Criminal actions within 14 days; and
- (b) Civil or administrative actions within 30 days.



A copy of the final documents filed, including settlement agreements, must be received by us within 30 days after the final disposition of the case is determined.

For questions, please contact your local field agent or our Financial Investigations Unit at (360) 486-3555.

## New Rule Change Adopted

On January 1, 2006, the rake limit for player-supported jackpots (PSJ) increased from \$1 to \$2. The PSJ rake is placed in a separate prize fund which will be won by players. The Drift on Inn Casino, Shoreline, requested the increase in a Petition for Rule Change.

Staff found no regulatory concerns related to increasing the rake limit and the change was adopted at the November 2005, Commission meeting.

## Recent Rule Interpretations

### **What are the requirements for token wagers on house-banked card games?**

WAC 230-40-800

Can a card room operator limit the amount of a payout on a token wager? **No**

Can a card room operator restrict the types of token wagers allowed or the amount of the token wagers? **Yes**

How is the token wager treated for purposes of calculating the aggregate limits on payouts; and how are the player aggregate and table aggregate calculated? **The token wager is treated as a separate bet and is not used in any aggregate calculations.**

### **What are the deposit requirements for player-supported jackpot funds?**

WAC 230-40-608(6)

Licensees are only custodians of player-supported jackpot (PSJ) funds and have no legal right to the funds. The Commission has strict recordkeeping and internal control requirements in place to ensure PSJ funds are properly accounted for. Licensees must maintain a bank account for depositing PSJ funds, which is separate from all other accounts.

Expenditures must not be made from PSJ receipts until they are first deposited into the PSJ account. However, prizes may be paid from PSJ funds before they are deposited into the PSJ account.

### **Can a dealer accumulate tips on the table prior to depositing them into the tip container?**

WAC 230-40-855(2)(5)

Dealers may accumulate tips on the table and “color up” before depositing the tip into the tip container. Chips received as tips must be kept apart from other chips on the table.

Tip procedures must be documented in a card room’s internal controls and include:

- 1) How tip acceptance will be observed by the floor supervisor and surveillance;
- 2) The overt display required when a tip is received; and
- 3) At what point tips must be “colored up” and deposited into the tip container.

For example, dealers may accumulate five \$1 chips and then “color up” to a \$5 chip. The \$5 chip must then be deposited in the tip container.

### **Can a card room employee commingle tips with the house bank?**

WAC 230-40-070(2)(3)

**No.** Money taken in on chips sold and fees collected must be kept separate and apart from all other money received. In order to ensure separation and accountability of funds, tips must also be kept separate.

### **Can a card room employee act as both dealer and supervisor?**

WAC 230-40-815

**Yes.** A card room employee (CRE) may serve as both a dealer and supervisor during the same shift as long as they are not signing forms in both capacities that would create a lack of segregation of duties. Card room operators should record CRE work schedules to reflect job title and shift time. For example, CRE John Smith is scheduled to work 8:00-11:00 a.m. as a dealer and 1:00-4:00 p.m. as a floor supervisor.

### **What are the supervision requirements for house-banked card games?**

WAC 230-40-815(3)(c)(ii)

Card rooms may operate seven or fewer house-banked tables in a pit with one supervisor. However, when more than seven house-banked tables are operated in a pit, one supervisor is required for every five tables.

Poker tables operated in a separate pit are not counted as part of the house-banked tables when determining the number of supervisors required.

For example, a card room with seven house-banked tables in one pit and two poker tables in another pit would be required to have two floor supervisors (one in the house-banked pit and one in the poker pit).



## Recent Rule Interpretations

### **Can card room operators sell merchandise out of the cashier's cage?**

WAC 230-40-050(3), 230-40-070(2), 230-40-830

**Yes.** Card rooms may sell merchandise out of the cashier's cage as long as they have a separate bank and receipting system for the sale and accountability of the merchandise.

### **Can wagering limits be increased at a table in play while "grandfathering" current players to continue play at the lower limit?**

WAC 230-40-800

**Yes.** Card rooms may raise the minimum betting limits at a table and allow customers who were playing at the lower limits to continue playing at the lower limits. However, once a player leaves the table, they cannot come back and bet at the lower limit. Card rooms that offer this practice must document it in their internal controls and inform customers of this practice at the gaming table.

### **Can a house-banked card room begin operating without logo cards?**

WAC 230-40-070(1)(b)

**No.** Logo cards must be used for all house-banked card games. New licensees must not operate card games until they receive their logo cards. An application may be submitted to the Commission for approval before logo cards are received; however, applicants should order their logo cards with sufficient lead time to ensure the logo cards are received before opening day.

### **Can funds accrued for a house-banked progressive jackpot game be used to purchase a merchandise prize to award on a different game?**

WAC 230-40-805(3)

**No.** Progressive jackpot funds that have been advertised or displayed may be used to purchase merchandise prizes. However, the merchandise prizes can only be awarded from the same game funds were taken from.

For example, a card room may take \$20,000 from a displayed progressive blackjack prize and buy a \$20,000 motorcycle. The motorcycle must then be awarded as a prize on the same progressive blackjack game.

### **What happens if a taxing authority (such as the IRS) seizes a card room jackpot?**

WAC 230-40-805, 230-40-610

#### **Player-supported jackpot games (nonhouse-banked)**

If a taxing authority seizes player-supported jackpot funds, the card room must immediately stop game play and not collect additional jackpot funds from players until all funds have been replaced in the bank account.

#### **Progressive jackpot games (house-banked)**

If a taxing authority seizes progressive jackpot funds, the card room must immediately stop game play and not collect additional jackpot funds from players until the amount displayed as the prize has been replaced in the bank account. Reserve or secondary funds that are seized may either be replaced or recorded as gross receipts.

### **Can entry into a card tournament be restricted to specific type of players?**

WAC 230-40-055

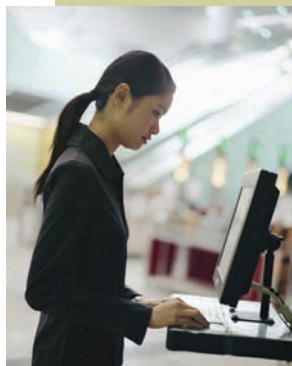
**Yes.** Entry into a card tournament may be restricted to specific groups, such as "ladies night" or "card room employees." Card rooms must include all requirements and restrictions in their tournament rules.

### **Can drawings be used to select card tournament players?**

WAC 230-40-055

**Yes.** Drawings can be used to select card tournament players when there is no cost to enter the drawing. These drawings are not a gambling activity because there is no cost to enter the drawing. If there is a fee to enter the tournament, the fee must be charged after the drawing has occurred. Free drawings give each player an equal opportunity to participate in the tournament.

Please call your field agent if you have any questions about these rule interpretations.



**Visit our website  
at  
[www.wsgc.wa.gov](http://www.wsgc.wa.gov)**

## Rule Changes Under Discussion

More details are on our website at [www.wsgc.wa.gov](http://www.wsgc.wa.gov) / Public Meetings / January 13, 2006, Commission Meeting

Rule changes can be requested by the public in a Petition for Rule Change. Rule changes are also proposed by staff. Generally, proposed rule changes are discussed at three Commission meetings. This gives licensees and the public time to review proposed rule changes and comment. At the third meeting, the Commission will usually adopt or reject a proposed change, or they may hold it over for further discussion at the next meeting. If you have comments on a proposed rule change, you are encouraged to attend a Commission meeting or send your comments in writing to WSGC, P.O. Box 42400, Olympia, Washington 98504, Attention: Rules Team; or e-mail [Rulesteam@wsgc.wa.gov](mailto:Rulesteam@wsgc.wa.gov).

### Fourth Public Hearing - January 13, 2006, Commission Meeting

#### **Petition for Rule Change** **Increasing player-supported jackpot** **administrative fees** WAC 230-40-610

The Recreational Gaming Association, which represents house-banked card rooms, requests that the administrative fee for player-supported jackpots (PSJ) be increased from 10% to 35%. This would increase the administrative fees a card room could keep from a \$2 PSJ rake from 20 cents to 70 cents.

PSJ funds must be kept in a separate PSJ bank account. The 10% administrative fee is intended to allow licensees to recoup the administrative expenses incurred with maintaining a separate PSJ bank account, including banking fees and recordkeeping.

#### **Petition for Rule Change** **Increasing poker wagering limits from \$25 to \$100** WAC 230-40-120

The wagering limit for poker is \$25. Poker wagering limits were increased from \$10 to \$25 in May 2000.



The Recreational Gaming Association is requesting that poker wagering limits be increased from \$25 to \$100 at house-banked card rooms only.

Nonhouse-banked card rooms' poker wagering limits would remain at \$25.

#### **Petition for Rule Change** **\$200 wagering limits for house-banked card games** WAC 230-40-120

In 2000, wagering limits for house-banked card games were set at \$100. On July 1, 2004, at the request of the card room industry, wagering limits increased to \$200 on a limited basis. Currently, card rooms authorized to operate:

- (a) Five tables or fewer may offer \$200 wagering limits at one table;
- (b) Six to ten tables may offer \$200 wagering limits at two tables; and
- (c) More than ten tables may offer \$200 wagering limits at three tables.

The Recreational Gaming Association is asking that \$200 wagering limits be authorized for all house-banked tables.

#### **Petition for Rule Change** **Allowing new types of card games** WAC 230-40-010

This rule authorizes certain types of card games and outlines rules of play. With very limited exceptions, players must receive cards and base their decision to fold, discard, draw additional cards, or raise the wager on the cards in their hand.

The Recreational Gaming Association is requesting that players no longer receive their own hand of cards. Instead, players would be responsible for their own decisions regarding the game, rather than their own hand. Players would be able to bet on the house's or another player's hand.

This change would allow additional types of card games, such as Mini-Baccarat, Craps style games (played with cards) and other games in house-banked card rooms, with one or more decks of standard playing cards.



## Third Public Hearing January 13, 2006, Commission Meeting

### Petition for Rule Change New Rule to Define Cash

Harmon Consulting, a licensed service supplier, is requesting that a new rule be written to define cash. The new definition would expand how players could pay to participate in gambling activities and/or receive winnings. The Petitioner has indicated to staff that the intent of the change is to allow patrons to use "guest cards" to purchase pull-tabs and allow pull-tab winnings to be added to "guest cards."

#### Staff opposes the petition for the following reasons:

- (a) Standards must be developed for an accounting system that interacts with gift cards and gambling activities.
- (b) Rules must be reviewed to determine other necessary changes and the impact on other gambling activities.
- (c) It would be difficult for staff to verify if winnings are credited accurately to gift cards.
- (d) It would apply to all gambling activities, not just pull-tabs.
- (e) It would allow pull-tab winnings to be credited to "guest cards."

**Staff's Alternative:** Currently, cash, checks and debit cards may be used to participate in gambling activities. Staff does not have regulatory concerns with allowing gift cards or gift certificates to be used to participate in gambling activities; however, staff is opposed to allowing gambling winnings to be added to or stored on gift cards.

An amendment to 230-12-050 (2) will be introduced at the January 13, 2006, Commission meeting to include gift certificates and gift cards as ways to participate in gambling activities.



## First Public Hearing January 13, 2006, Commission Meeting

### Petition for Rule Change Card Room Supervision WAC 230-40-815

Currently, one floor supervisor must be on duty for every five tables in a pit. A Petition for Rule Change was submitted by Goldie's Shoreline Casino requesting that the number of tables one pit supervisor can oversee be increased from five to six tables.

### New Rule Change on the Way!

This rule change is proposed by staff and will be discussed at the January 12, 2006, Study Session. We anticipate it will have its first public hearing at the February 10, 2006, Commission meeting.

### Gambling Equipment Defined WAC 230-02-412

Currently, all chips, cards and table layouts are considered gambling equipment and can only be in the possession of licensees. The increased popularity of poker has made logo cards/chips collector items. We receive numerous calls from collectors asking to purchase logo chips from trade shows or over the Internet.



We also respond to numerous questions from licensees wanting to know what they should do with chips and cards if they close their card room, or switch to a new logo.

Staff will be looking at the possibility of removing certain logo chips, cards and table layouts from the definition of gambling equipment so they can be in the possession of unlicensed persons and businesses.

Staff also proposes removing amusement games from the definition of gambling equipment. WAC 230-20-508 describes which amusement games are authorized and provides a process to introduce new coin or token activated amusement games into the state. Amusement games will continue to be addressed under WAC 230-20-508.

## Administrative Actions Taken For Violating Gambling Rules & Laws

Name	Violation	Case Outcome
Kosol Meas, CRE, (Formerly employed at Magic Lanes Casino), Renton	Cheating.	The licensee failed to respond to the charges and a Default Order was entered, revoking Mr. Meas' license.
Reginald Ngeth, CRE, (Formerly employed at Magic Lanes Casino), Renton	Cheating.	The licensee failed to respond to the charges and a Default Order was entered, revoking Mr. Ngeth's license.
Chhany Sar, CRE, (Formerly employed at Magic Lanes Casino), Renton	Cheating.	The licensee failed to respond to the charges and a Default Order was entered, revoking Mr. Sar's license.
Julius Stacey, CRE, (Formerly employed by Wild Goose Casino), Ellensburg	Cheating.	The licensee failed to respond to the charges and a Default Order was entered, revoking Mr. Stacey's license.
Yonsoo Ogle, Class III Employee, (Formerly employed at Emerald Queen Casino), Lacey	Cheating.	The licensee voluntarily surrendered her license for one year.
Regina Charles, CRE, (Formerly employed at Slo-Pitch Pub & Eatery), Bellingham	Criminal History.	The licensee failed to respond to the charges and a Default Order was entered, revoking Ms. Charles' license.
George Trad, CRE, (Formerly employed by New Phoenix and Last Frontier), La Center	Criminal History.	An Administrative Law judge (ALJ) issued an Initial Order, revoking Mr. Trad's license. The licensee filed a Petition for Review. The Commission affirmed the ALJ's decision revoking the license.
George Bryson, Applicant, Renton	Denial of application due to criminal history.	The applicant's employer withdrew from Mr. Bryson's application making the application incomplete.
John Harman, Applicant, Lacey	Denial of application due to failure to disclose denial of his prior gambling licenses.	The licensee withdrew his application; therefore, an ALJ entered an Order of Dismissal.
Moon Martin, Jr., Applicant, Auburn	Denial of application due to criminal history.	The applicant failed to respond to the charges and a Default Order was entered denying Mr. Martin's application.
Heriberto Maya, Applicant, Pasco	Denial of application due to criminal history.	The applicant's employer withdrew from Mr. Maya's application making the application incomplete. The case was dismissed without prejudice and a lock was placed on his licensing file, alerting staff of the applicant's history.
Jodi L. Smith, CRE, (Formerly employed at Kegler's Choice Restaurant), East Wenatchee	Internal Control Violation: failure to follow check cashing procedures.	The licensee agreed to serve a seven day suspension.
Chuc Q. Dau, CRE, (Formerly employed by Last Frontier/New Phoenix Casinos), La Center	Placed bets with a bookmaker.	The licensee agreed to serve a 30 day suspension.
Truong V. Le, CRE, (Formerly employed by Last Frontier/New Phoenix Casinos), La Center	Placed bets with a bookmaker.	The licensee failed to respond to the charges and a Default Order was entered, revoking Mr. Le's license.

**FOR HELP WITH PROBLEM GAMBLING, CALL: (800) 547-6133**

## Administrative Actions Continued.

Name	Violation	Case Outcome
"Johnny" Tuan L. Nguyen, CRE, (Formerly employed by Last Frontier/New Phoenix Casinos), La Center	Placed bets with a bookmaker and failed to inform Commission staff of illegal gambling activities.	The licensee failed to respond to the charges and a Default Order was entered, revoking Mr. Nguyen's license.
Marlene M. Nowak, Class III employee, (Formerly employed at the Muckleshoot Casino), Auburn	Attempted to claim a Video Gaming Device ticket worth \$100 that did not belong to her.	The licensee voluntarily surrendered her Class III certification for one year in a Settlement Order.
Leroy Williams, Class III employee, (Formerly employed by Clearwater Casino), Bremerton	Represented himself as a Washington State Gambling Commission Agent.	The licensee agreed to not hold or re-apply for a gambling certification or license until January 17, 2006.
Tina Damis, Class III employee, (Formerly employed at Great American Casino), Rochester	Theft of \$1,095 in travel expenses.	The licensee failed to respond to the charges and a Default Order was entered, revoking Ms. Damis' Class III certification.
John R. Hawthorne, Nonprofit gambling manager and Class III employee, (Formerly employed by Spokane Valley Foundation and Northern Quest Casino) Spokane	Theft of \$35,250 while working as a nonprofit gambling manager.	The licensee voluntarily surrendered his gambling license and Class III certification.
Asuncion A. Keplinger, Class III employee, (Formerly employed by Nooksack River Casino), Deming	Theft of \$2,000 from casino cage.	The licensee voluntarily surrendered her Class III certification.
Sam Kith, CRE, (Formerly employed by Silver Dollar Casino), Mountlake Terrace	Theft of \$57 while working as a dealer.	The administrative charges were returned to Commission staff as undeliverable. The CRE's license expired and he did not renew his gambling license. The case was closed and a lock was placed on his licensing file, alerting staff of his history.
BJ Kostelecky, Class III employee, (Formerly employed at the Muckleshoot Casino), Auburn	Theft of \$100 by failing to return extra money given to him by cage cashier.	The licensee failed to respond to the charges and a Default Order was entered, revoking Mr. Kostelecky's Class III certification.
Joseph L. Mino, CRE (Formerly employed at Silver Dollar/Mill Creek), Bothell	Theft of \$132 in gaming chips while working as a dealer.	The licensee waived his right to a hearing; therefore, an Administrative Law Judge issued a dismissal order revoking Mr. Mino's license.
Saree T. Phriep, CRE, (Formerly employed at Silver Dollar Casino/Renton), Kent	Theft of \$2,000- \$3,000 in gaming chips while working as a dealer.	The licensee failed to respond to the charges and a Default Order was entered, revoking Mr. Phriep's license.
Timothy Quaschnick, CRE, (Formerly employed by Classic Rock Casino), Spokane	Theft of \$15,000 from casino cage.	The licensee failed to respond to the charges and a Default Order was entered, revoking Mr. Quaschnick's license.
Michael Trunkhill, CRE, (Formerly employed at Celebrities Casino), Kennewick	Theft of \$22 in gaming chips while working as a dealer.	The licensee voluntarily surrendered his license.

### OUR MISSION:

**PROTECT THE PUBLIC BY ENSURING THAT GAMBLING IS LEGAL AND HONEST.**

# New Commissioner and Ex-Officio

**Peggy Ann Bierbaum** was appointed as Gambling Commissioner in August 2005 and attended her first Commission meeting in September. Commissioner Bierbaum is an attorney in private practice in Port Townsend. She was born and raised in the suburbs of Chicago and attended school and worked in Chicago until 1988, when she moved to Seattle. She now lives in Quilcene. Please join us in extending a warm welcome to our newest Commissioner.



**Representative John Serben** was appointed as ex-officio member of the Gambling Commission in August 2005. Representative Serben was born in Spokane and lives there with his wife and their daughter. He graduated from Eastern Washington University, B.A. and Spokane Falls Community College, A.A. His professional experience includes being an Insurance Agent at Fidelity Associates and a Specialist in the U.S. Army.

Ex-officio members act as liaisons to the rest of the legislature on gambling issues. They only vote on tribal/state gaming compacts and amendments to the compacts. Other ex-officio members are Senator Margarita Prentice, Senator Jerome Delvin, and Representative Alex Wood.

## 2006 Commission Meeting Schedule

### January 12 & 13

DoubleTree Guest Suites  
16500 Southcenter Parkway  
Seattle, WA 98188 – (206) 575-8220

### February 9 & 10

Phoenix Inn Suites  
415 Capitol Way North  
Olympia, WA 98501 – (360) 570-0555

### March 9 & 10

Red Lion Hotel – Olympia  
2300 Evergreen Park Drive  
Olympia, WA 98502 – (360) 943-4000

### April 13 & 14

The Heathman Lodge  
7801 NE Greenwood Drive  
Vancouver, WA 98662  
(360) 254-3100

### May - No Meeting

### June 15 & 16

Marcus Whitman Hotel  
6 West Rose Street  
Walla Walla, WA 99362  
(509) 525-2200

### July 13 & 14

The Hilton Hotel  
301 West 6th Street  
Vancouver, WA 98660  
(360) 993-4500

### August 10 & 11

LaConner Maple Hall  
108 Commercial Street  
LaConner, WA 98257  
(360) 466-3101

### September 14 & 15

Red Lion Hotel at the Park  
303 W. North River Drive  
Spokane, WA 99201 – (509) 326-8000

### October 12 & 13

The Hilton Hotel  
301 W 6<sup>th</sup> Street  
Vancouver, WA 98660 – (360) 993-4500

### November 16 & 17

DoubleTree Guest Suites  
16500 Southcenter Parkway  
Seattle, WA 98188 – (206) 575-8220

### December - No Meeting

### Washington State Gambling Commission

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TDD: (360) 486-3637

Website: [www.wsgc.wa.gov](http://www.wsgc.wa.gov)

### CALL OUR FIELD OFFICE CLOSEST TO YOU FOR REGULATORY OR OPERATIONAL QUESTIONS:

EVERETT	(425) 339-1728
KENNEWICK	(509) 734-7412
RENTON	(425) 277-7014
SPOKANE	(509) 329-3666
TACOMA	(253) 471-5312
WENATCHEE	(509) 886-6230
YAKIMA	(509) 575-2820

Editor, layout and design: Susan Arland

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Do you have questions or comments about our newsletter: E-mail us! [SusanA@wsgc.wa.gov](mailto:SusanA@wsgc.wa.gov)